

Message Text

UNCLASSIFIED

PAGE 01 EC BRU 10583 01 OF 02 271937Z

70

ACTION EUR-12

INFO OCT-01 ISO-00 AGRE-00 AID-05 CEA-01 CIAE-00 COME-00

EB-07 FRB-01 INR-07 NSAE-00 CIEP-02 SP-02 STR-04

TRSE-00 LAB-04 SIL-01 SAM-01 OMB-01 DODE-00 PM-04

H-02 L-03 NSC-05 PA-02 PRS-01 SS-15 USIA-15 /096 W

----- 105246

R 271736Z OCT 76

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 2194

INFO ALL EC CAPITALS 2650

UNCLAS SECTION 1 OF 2 EC BRUSSELS 10583

PASS AGRICULTURE ELECTRONICALLY

EO. 11652:N/A

TAGS: EAGR,EEC

SUBJECT: COUNCIL OF AGRICULTURAL MINISTERS,OCTOBER 25-26

REF: (A)EC BRUSSELS 9865 (B) EC BRUSSELS 10460, (C)EC BRUSSELS
4366 (D)EC BRUSSELS 9808 (E)EC BRUSSELS 10473

1. SUMMARY: THE FIRST DAY OF THE COUNCIL WAS DEVOTED TO A
ROUND TABLE DISCUSSION OF THE COMMISSION'S DAIRY REFORM PACKAGE;
AS EXPECTED,NO DECISIONS WERE TAKEN.HOWEVER,THE COUNCIL
DID DECIDE NOT TO PROLONG THE COMPULSORY PURCHASE SCHEME
BEYOND OCTOBER 31, 1976.THE COUNCIL ALSO AGREED TO DEVALUATE
THE DANISH KRONER BY 4 PERCENT,BUT THE BRITISH REFUSED TO
ACCEPT ANY DEVALUATION OF THE GREEN POUND.DURING THE AFTERNOON
OF THE SECOND DAY,THE AGRICULTURAL AND FINANCE MINISTERS
HELD A JOINT DISCUSSION OF THE COMMISSION'S PROPOSALS FOR A
REVISION OF THE SYSTEM OF MONETARY COMPENSATORY AMOUNTS (MCA'S).
NO DECISIONS WERE TAKEN V THE PROPOSALS ARE TO BE DISCUSSED
AGAIN AT ANOTHER JOINT MEETING IN DECEMBER.END SUMMARY.

2.DAIRY REFORM PACKAGE.THE MEMBER STATES EACH GAVE THEIR
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 EC BRU 10583 01 OF 02 271937Z

VIEWS ON THE VARIOUS PROPOSALS CONSTITUTING THE COMMISSION'S

DAIRY REFORM PACKAGE (REF.A).THE PROPOSAL FOR A SYSTEM OF PREMIUMS FOR THE NON- MARKETING OF MILK OR FOR HERD CONVERSION WERE FAVORABLY RECEIVED BY MOST OF THE DELEGATIONS.ITALY AND IRELAND HOWEVER,DECLARED THEMSELVES TO BE OPPOSED TO THE PROGRAM.THERE WAS ALSO CONSIDERABLE DISPUTE AS TO HOW THE PROPOSAL SHOULD BE FINANCED(THE COMMISSION HAS PROPOSED A 50-50 SPLIT BETWEEN FEOGA AND THE MEMBER STATE FUNDS).SEVERAL MEMBER STATES,IN PARTICULAR THE GERMANS,WANTED TO USE RECEIPTS FROM THE CORRESPONSIBILITY TAX TO FINANCE THIS PROGRAM.THE UNITED KINGDOM FELT THAT THE PROGRAM WAS TOO GENEROUS AND SUGGESTED THAT IT BE GEARED MORE TOWARDS SMALLER FARMERS; FOR EXAMPLE; THE PRESENT MAXIMUM OF 150,000 KILOGRAMS O F MILK (FOR PURPOSES OF CALCULATING THE PREMIUMS) MIGHT BE REDUCED TO 50,000 KGS.

3. ONLY ITALY AND IRELAND DECLARED THEMSELVES TOTALLY AGAINST THE CORRESPONSIBILITY TAX.THE ITALIANS,OF COURSE,DO NOT FEEL THAT ANY MEASURE WHICH WOULD TEND TO REDUCE DAIRY PRODUCTIO SHOULD APPLY IT ITALY-- WHICH HAS A LARGE DEFICIT IN DAIRY PRODUCTS.THE FRENCH IMPLIED THAT THEY MIGHT ACCEPT THE TAX IF AN EXEMPTION WERE GRANTED FOR SMALL FARMERS (E.G.,WITH EIGHT COWS OR LESS). THE GERMANS SAID THAT THE IMPOSITION OF THE TAX SHOULD BE RELATED TO STOCK LEVELS.THEY ALSO CAUTIONED THAT THE TAX WOULD HAVE NO EFFECT UNLESS APPLIED WITHIN THE FRAMEWORK OF A PRUDENT PRICE POLICY.THEY EXPRESSED A WILLINGNESS TO ACCEPT CERTAIN EXCEPTIONS TO THE TAX BUT SAID THAT IT SHOULD BE APPLIED TO ALL COUNTRIES AND THAT SUCH EXCEPTIONS SHOULD NOT MAKE ADMINISTRATION OF THE TAX IMPRACTICAL.

4.THE PROPOSED TAX ON VEGETABLE OILS WAS OPPOSED BY THE UK., DANISH,GERMAN AND DUTCH DELEGATIONS WHO CITED ITS ADVERSE EFFECT ON CONSUMER AND ON COMMERCIAL RELATIONS WITH THIRD COUNTRIES.THE STRONGEST SUPPORT FOR THE TAX CAME FROM THE BELGIAN,IRISH AND ITALIAN DELEGATIONS; THE BELGIANS,IN PARTICULAR,INSISTED THAT THERE WAS A LINK BETWEEN THE CORES- PONSIBILITY TAX AND THE VEGETABLE OILS TAX.THE FRENCH ALSO INDI- CATED THAT THEY SUPPORTED THE TAX.

5.IN PRINCIPLE,ALL DELEGATIONS ANNOUNCED THEMSELVES IN FAVOR OF THE PROPOSAL FOR SALES OF MILK TO STUDENTS AT UNCLASSIFIED

UNCLASSIFIED

PAGE 03 EC BRU 10583 01 OF 02 271937Z

REDUCED PRICES.HOWEVER,THERE WAS NO AGREEMENT ON FINANCIAL OR TECHNICAL PROVISIONS.ON THE OTHER HAND,THE PROPOSAL FOR A SUSPENSION OF NATIONAL AND EC INVESTMENT AIDS IN THE DAIRY SECTOR WAS OPPOSED BY MOST MEMBER STATES.WITH RESPECT TO THE PROPOSED DISEASE ERADICATION PROGRAM,SEVERAL MEMBER STATES EXPRESSED CONCERN AS TO WHETHER THE PROGRAM WOULD BE COMPATIBLE WITH THEIR EXISTING NATIONAL PROGRAMS.

6.COUNCIL PRESIDENT VAN DER STEE ANNOUNCED AT THE PRESS CONFERENCE FOLLOWING THE MEETING THAT HE ANTICIPATED THAT DECISION WOULD BE TAKEN ON THE DAIRY PACKAGE AT THE NEXT COUNCIL MEETING.VERY FEW PEOPLE TOOK THIS STATEMENT SERIOUSLY.IT APPEARS MORE AND MORE LIKELY THAT A DECISION ON THE DAIRY PACKAGE ALONG WITH DECISION ON MCA REFORM WILL BE DEFERRED UNTIL DECISION OF 1977/78 SUPPORT PRICES NEXT SPRING.

7.NFDM COMPULSORY PURCHASE SCHEME.THE COUNCIL DID NOT ACCEPT THE COMMISSION'S PROPOSAL FOR AN EXTENSION OF A COMPULSORY PRUCHASE SCHEME BEYOND OCTOBER 31, 1976. CONSEQUENTLY,THE SCHEME WILL EXPIRE ON THAT DATE AS PROVIDED FOR IN THE EC COUNCIL REGULATION NO. 563/76THE DETAILED PROCEDURE FOR TERMINATING THE SCHEME IS TO BE DECIDED BY THE OILSEED MANAGEMENT COMMITTEE.DESPOSITS PAID DURING THE OCTOBER 26-31 PERIOD WILL BE REIMBURSED SO AS NOT TO DISRUPT TRADE.NEARLY 400,000 TONS ARE REPORTED TO HAVE BEEN CONTRACTED UNDER THE SCHEME WITH ABOUT 308,000 TONS ACTUALLY DELIVERED.

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 EC BRU 10583 02 OF 02 271953Z

70

ACTION EUR-12

INFO OCT-01 ISO-00 AGRE-00 AID-05 CEA-01 CIAE-00 COME-00

EB-07 FRB-01 INR-07 NSAE-00 CIEP-02 SP-02 STR-04

TRSE-00 LAB-04 SIL-01 SAM-01 OMB-01 DODE-00 PM-04

H-02 L-03 NSC-05 PA-02 PRS-01 SS-15 USIA-15 /096 W

----- 105400

R 271736Z OCT 76

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 2195

INFO ALL EC CAPITALS 2651

UNCLAS SECTION 2 OF 2 EC BRUSSELS 10583

8.MCA'S CURIOUSLY,THE FURTHER FALL OF THE POUND EARLIER THIS WEEK DID NOT SEEM TO ADD URGENCY TO THE AGRO-MONETARY DISCUSSIONS.INSTEAD,THE GENERAL TONE SUGGESTED RESIGNATION. THE MEMBER STATE FINANCE MINISTERS JOINED THE AGRICULTURAL MINISTERS FOR THE DISCUSSIONS OF THESE PROBLEMS.THE

COMMISSION'S PROPOSALS FOR A SYSTEM OF AUTOMATIC ADJUSTMENTS IN GREEN RATES AND FOR CEILINGS ON MCA'S (REF.B) WAS FAVORABLY RECEIVED -- IN PRINCIPLE -- BY ALL MEMBER STATES EXCEPT FOR THE UNITED KINGDOM AND GERMANY. LARDINOIS ADDED SOMEWHAT MORE DETAIL TO THE COMMISSION'S PROPOSAL, SUGGESTING THAT MCA'S OF APPRECIATING COUNTRIES NOT EXCEED 10 PERCENT AND THAT THOSE FOR DEPRECIATING COUNTRIES NOT EXCEED 15 PERCENT -- IN THE CASE OF THE NEW MEMBER STATES, THE CEILING MIGHT BE 15 PERCENT PLUS AN AMOUNT REFLECTING THE DIFFERENCE BETWEEN SUPPORT PRICES IN THE NEW MEMBER STATES AND IN THE EC SIX. THE GERMANS OPPOSED AUTOMATIC ADJUSTMENT IN THE GREEN RATES BECAUSE THEY FEEL THAT SUCH ADJUSTMENT WOULD COST THEM AN IMPORTANT BARGAINING ELEMENT IN EC PRICE NEGOTIATIONS. IT WAS ALSO RUMORED THAT THEY DID NOT WANT TO PUT PRESSURE ON THE BRITISH AS A RESULT OF "A DEAL" BETWEEN SCHMIDT AND CALLAGHAN. THE UNITED KINGDOM SAID THAT AUTOMATIC ADJUSTMENT WOULD UNDERMINE THEIR ECONOMIC PROGRAM. THEY ALSO EMPHASIZED THAT SINCE MCA'S ACCOUNTED FOR ONLY A PART OF THE COST OF THE CAP, THEY

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 EC BRU 10583 02 OF 02 271953Z

COULDN'T BE LOOKED AT IN ISOLATION. SUGGESTING THAT DEVALUATION OF THE GREEN RATES MIGHT RESULT IN LITTLE REDUCTION IN THE OVERALL COST OF THE CAP DUE TO THE ADVERSE EFFECTS ON U.K. FOOD CONSUMPTION. U.K. CHIEF SECRETARY TO THE TREASURY BARNETT TOLD THE PRESS THAT CHANGES IN MCA'S WOULD NOT BE CONSIDERED APART FROM THE REST OF EC AGRICULTURAL POLICY, IN PARTICULAR, PRICE DECISIONS. HE SUGGESTED THAT LOWER PRICE SUPPORTS WOULD BE ANOTHER WAY OF REDUCING CAP COSTS. ASKED IF HIS COMMENTS FORESHADOWED A NEW BRITISH INITIATIVE TO REFORM THE CAP, HE REPLIED NO BUT SAID THAT THE LONG-STANDING DESIRE OF THE BRITISH GOVERNMENT TO IMPROVE THE CAP WAS WELL KNOWN. COMMENT: BARNETT'S REMARKS STRONGLY IMPLIED BRITISH INTENTION TO USE THE MCA ISSUE AS A LEVER TO OBTAIN A SATISFACTORY 1977/78 PRICE PACKAGE AND POSSIBLY OTHER CHANGES IN CAP POLICY. IT APPEARS HIGHLY UNLIKELY THAT THE BRITISH WILL CONSENT TO ANY CHANGES IN THE MCA SYSTEM OR PERHAPS ANY DEVALUATION OF THE GREEN POUND, UNTIL THE PRICE PACKAGE IS AGREED UPON. END COMMENT.

9. ALSO REGARDING MCA'S:

A. A FOUR PERCENT DEVALUATION OF THE "GREEN KRONER" WAS AGREED UPON. THERE WAS NO OBJECTION TO THIS DECISION, WHICH WILL ELIMINATE MCA'S ON DANISH TRADE.

B. THE COUNCIL TOOK NOTE OF THE COMMISSION'S INTENTION TO MODIFY THE CALCULATION OF MCA'S IN THE PORK SECTOR, SUBJECT TO MANAGEMENT COMMITTEE APPROVAL. THESE CHANGES WILL RESULT IN AN 8 PERCENT DECREASE IN MCAS FOR THIS SECTOR. SUCH A REDUCTION HAD BEEN REQUESTED BY THE UNITED KINGDOM, WHOSE PORK PRODUCERS HAVE BEEN UNDER HEAVY COMPETITIVE PRESSURE.

C. THE COUNCIL ALSO AGREED TO EXTEND THROUGH 1977 THE EXISTING SYSTEM WHEREBY MCA'S ARE PAID TO EXPORTING MEMBER

STATES IN THE CASE OF SHIPMENTS TO ITALY OR THE UNITED KINGDOM. THIS SYSTEM WAS INTRODUCED IN APRIL (REF.C)AS A MEANS OF CUTTING THE COSTS OF MCA'S (BECAUSE OF THE PECULARITIES OF THE EC BUDGET ACCOUNTING PROCEDURE,IT RESULTS IN A SUBSTANTIAL SAVINGS).

D.THE UNITED KINGDOM AGAIN REFUSED TO ACCEPT ANY DEVALUATON OF THE GREEN POUND (THE COMMISSION HAD PROPOSED A 4.5 PERCENT DEVALUATION).THE EIGHT OTHER MEMBER STATES PLUS THE COMMISSION HAD URGED THE BRITISH TO ACCEPT THIS DEVALUATION BUT THEY SHOWED NO INCLINATION TO FORCE A VOTE IN THE MATTER.

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 EC BRU 10583 02 OF 02 271953Z

10.OTHER: A.THE INCREASE IN THE U.K.MILK PRICE,ANNOUNCED AT THE LAST COUNCIL MEETING (REF.D),WAS ACCEPTED AFTER SOME GRUMBLING BY THE COUNCIL.TECHNICALLY,THE U.K.PRICE IS NOT TO EXCEED 97 PERCENT OF THE EC TARGET PRICE FOR MILK.THE LATEST HIKE PUSHED THE U.K.PRICE SOMEWHAT ABOVE THIS LIMIT.

B.THE COUNCIL TOOK NOTE OF A REPORT BY THE SPECIAL AGRICULTURAL COMMITTEE ON THE CONSERVATON OF FISH STOCKS AND ON RELATED CONTROL MEASURES.THE SPECIAL AGRICULTURAL COMMITTEE WAS ASKED TO PURSUE ITS WORK ON THIS MATTER.

C.THE DANISH DELEGATION RECOMMENDED THAT IN VIEW OF SHORT EC FEED GRAIN SUPPLIES AND THE RECOGNIZED NEED TO IMPORT, THAT MONTHLY INCREASES IN FEED GRAIN PRICES(TARGET,THRESHOLD, AND INTERVENTION)NOT BE APPLIED.THESE MONTHLY INCREASES ENCOURAGE TRADERS TO HOLD STOCKS.THE COMMISSION SAID THAT IT WOULD NOT APPLY THE PREMIUM PAID FOR STOCKS CARRIED OVER FROM ONE MARKETING YEAR TO ANOTHER AT THE END OF THIS MARKETING YEAR BUT THAT IT PLANNED NOCHANGES IN THE SYSTEM OF MONTHLY INCREASES.

D.FRANCE CALLED FOR THE PRESENTATION OF COMMISSION PROPOSALS ESTABLISHING AN ALCOHOL CAP.

MORRIS

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEETING AGENDA, IMPORTS, DAIRY PRODUCTS, MINISTERIAL MEETINGS, AGRICULTURAL POLICIES, NONFAT DRIED MILK
Control Number: n/a
Copy: SINGLE
Draft Date: 27 OCT 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976ECBRU10583
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760401-0480
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761015/aaaaamdy.tel
Line Count: 261
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 76 EC BRUSSELS 9865, 76 EC BRUSSELS 10460, 76 EC BRUSSELS 76
Review Action: RELEASED, APPROVED
Review Authority: buchant0
Review Comment: n/a
Review Content Flags:
Review Date: 17 AUG 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17 AUG 2004 by cookms>; APPROVED <03 JAN 2005 by buchant0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COUNCIL OF AGRICULTURAL MINISTERS, OCTOBER 25-26
TAGS: EAGR, EPAP, EEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006